Kansas Business Review

February 1980
Vol. 3 No. 6

U 7095 - 1 rec 4/21/80

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Kansas in November

Business Highlights from Across the State

Institute for Economic and Business Research, The University of Kansas

Kansas Business Review

(USPS 395-310)

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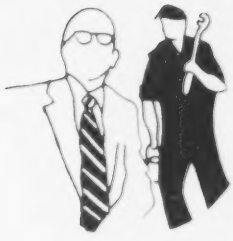
Kansas Business Review is published ten months a year (September-June) by the Institute for Economic and Business Research, 319 Raymond Nichols Hall, The University of Kansas, Lawrence, Kansas 66045. It is designed by the Division of Publications, Office of University Relations.

Manuscripts for publication in *Kansas Business Review* are solicited from readers and should be sent to the editors for consideration.

Opinions expressed in the articles are those of the author(s) and do not necessarily reflect those of The University of Kansas.

The Quality of Work Life Movement



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Satisfaction with work appears to be the best predictor of longevity—better than known medical or genetic factors—and various aspects of work account for much, if not most, of the factors associated with heart disease. (From *Work in America*[1])

The suspicions of some of the country's best-informed labor experts that job satisfaction among U.S. workers is on the downgrade have been amply confirmed in a newly released national survey on the quality of employment in the United States . . . the decline in job satisfaction between 1973 and 1977 has been pervasive, affecting virtually all demographic and occupational subclasses examined . . . particularly . . . among college graduates. (From *World of Work Report*[2])

There is a depressing decline in industrial productivity. The United States, having set the pace for the rest of the world through the 19th and much of the 20th century, now lags behind such nations as West Germany, France, and Japan in industrial efficiency. (Henry Steele Commager[3])

Introduction

For the last several years, the *Minneapolis Star Tribune* has had a formal system of worker participation in which a joint labor-management committee meets monthly to discuss anything except contractual issues. Initially the discussions were limited to complaints that the workers, who are members of the Twin Cities Newspaper Guild, had about working conditions, but the importance and scope of the subjects have increased very steadily over time, so that employees now exercise considerable influence on managerial decision-making. In fact, the committee has access to departmental budget figures which were previously a very closely guarded secret. Furthermore, the joint labor-management committee has complete authority over problems associated with technological change and its effect on the workplace. Perhaps the most impressive fact, however, is that when the decision was made to examine and completely restructure the *Star,* these changes were made with the full participation of the labor-management committee.[4]

Great Britain's multinational Imperial Chemical Industries has completed a massive work reorganization process involving 85 to 90 percent of the manual labor force—40,000 workers. Management-union consultation was carried on throughout the program. The restructuring project resulted in substantial job enlargement and enrichment and, at the same time, reduced absenteeism, labor turnover, and overtime.[5]

The United Automobile Workers union has been collaborating with General Motors and other companies in quality of work life programs for a decade. The UAW-Harmon International industries effort at the company plant in Bolivar, Tennessee is a major example. Worker-management committees at the shop-floor level design and implement work improvement projects. Significantly, savings in work time have been used by employees for various job training and educational purposes.[6]

In India, successful projects for the participative redesign of work systems and the enrichment of the quality of work life have been reported for many of India's public sector enterprises such as Bharat Heavy Electricals, the Life Insurance Company, and the Postal System.[7]

As a part of its program to improve the productivity and work satsifactions in its key industries, Norway's Work Research Institute in cooperation with the shipping industry, unions, and government has successfully experimented with the complete

reorganization and redesign of a merchant ship to create a nonhierarchical, collaborative work, learning, and living system.[8]

As illustrated by these and many other examples, the past decade has witnessed a growing concern by organizations, unions, and the concerned public with the nature of work and its relation to human well-being. Basically, the development of the international quality of work life "movement" may be seen as a response to three of the major problems in the industrialized west. The first is a widespread and possibly growing disaffection and/or alienation of blue collar and white collar employees as well as many managerial personnel from their work and from the organizations in which they are employed. The second is the declining rate of growth in labor productivity in the face of energy shortages. The third is the growing recognition of the paramount role of the individual's "quality of work life" in physical and mental health as well as in family and community well-being. Private corporations, unions, government legislatures and agencies, university-based behavioral scientists, private foundations, and international organizations are all participating in this movement. The "movement" is, in a sense, a reform movement within the western industrial-capitalist system —a reform designed to reduce alienation, to increase the productivity-maintaining motivational involvement of the working population, and, at a public policy level, to enhance the health and well-being of the individual in Western society. Social scientist Paul S. Goodman echoed these views when he stated: "People are looking for new ways to structure jobs and to organize work in order to improve economic viability and to make work a more satisfying and rewarding experience for the worker."[9]

The past decade has witnessed a growing concern by organizations, unions, and the concerned public with the nature of work and its relation to human well-being.

Known by the term "Quality of Work Life," this widespread concern has been reflected in a virtual crazy-quilt collection of theoretical concepts and organizational intervention techniques. For example, the quality of work life rubric is applied with equal facility to all of the following kinds of change programs: job enrichment, participative decision making, management-by-objectives, sensitivity training, redesigned work layouts, profit sharing and employee ownership projects, and flex-time and other variations in working hours. A similarly diverse set of theories has been used to guide and explain activities related to this issue. Herzberg's motivator-hygiene theory provided the rationale for the American Telephone and Telegraph's pioneering experiment with job enrichment in its stockholder records office. The Wilson-Trist-Emery (the Tavistock group) socio-technical systems theory has guided many of the experiments in the redesign of work processes around the semi-autonomous work group concept as, for example, at the **General Foods pet food plant in Topeka** and the recent Rushton Mine experiment in Pennsylvania. Theories of participation associated with the work of Lewin, McGregor, and Likert have stimulated the growth of "organizational development" as a technology for changing the quality of human relationships in work organizations. More recently, newer theories of work motivation such as those of Vroom and Skinner have provided the rationale for different kinds of work improvement programs such as goal setting and new reward systems. In addition, there are, of course, the demands of employees themselves and the press of widely-held humanistic values for improvements in the quality of working life. Many of these theories and perspectives challenge the traditional assumptions and viewpoints of engineers and managers concerning the design and operation of work systems.

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Defining Quality of Work Life (QWL)

Despite the abundance of interest and activity, a single, well-developed definition of just what constitutes a high-quality working situation seems to be missing. One definition was given by a participant in an important quality of work life project, Margarte Barbee of the Jamestown Engine plant of the Cummins Engine Company. She said that "a typical QWL 'working philosophy' includes the following factors:

> **Trust:** a supportive work climate, effective interpersonal relationships, worker involvement in decisions which affect them;
> **Growth:** well-designed, 'complete' jobs, opportunities to learn and develop;
> **Equity:** reduction of status differentials, giving employees a stake in business outcomes; and
> **Excellence:** productivity, in both a quantitative and a qualitative sense."[10]

Richard Walton, one of the major interpreters of the quality of work life movement, has proposed eight major conceptual areas for understanding what this is all about: adequate and fair compensation, safe and healthy environment, development of human capacities, growth and security, social integration, constitutionalism, the total life space, and social relevance." Some of the differences in definition lie in the different viewpoints of the different interpreters. Stanley Seashore, for example, has pointed out that much of the research and theorizing in the quality of work life area has been based primarily on the assumption that it is the individual's own personal satisfaction or dissatisfaction that defines the quality of his or her work rather than any "objective" criterion.[12] Hence, because of individual differences in culture, social class, family rearing, education, and personality, a wide range of human prefer-

ences exists, and any assessment of improvements in the quality of work life would be especially subject to these differences in personal expectations. In other words, one man's meat may be another man's poison.

Individuals do not, however, have completely unique sets of standards for evaluating the quality of the work setting. Groups of individuals share particular personal attributes which cause them to evaluate work in common, systematic, measurable, and predictable patterns. To be sure, one can expect that the salient concerns of industrial blue collar employees will differ in some degree from those of professional employees in legal, medical, or research and development roles. Thus, among other things, the nature of different occupations can be responsible for differences in evaluating the quality of the work situation. However, many investigators look beyond these differences between individual perspectives and differences in group membership to the study of those *common* expectations of employees and those *common* characteristics of job situations that determine the quality of work life. Numerous studies show that a relatively few environmental variables explain or account for about one half of the variability in job satisfaction, broadly defined, as measured across all categories of employees.[13] Therefore, it can be concluded that there are, in fact, systematic and universal characteristics of the work environment which yield high levels of satisfaction and well-being on the part of employees generally.

However, experienced satisfaction *per se* is only one element among the many factors involved in the quality of work life. And, although there may be agreement that additional factors other than job satisfaction determine the quality of a working situation, there is little consensus about what these are. Attempts to define the concept of quality of work life have, at times, emphasized only selective issues such as job security, wage equity, individuation, or workplace democracy. At other times, the list of qualifications, such as those outlined by Walton (above), have been much longer and more specific; however, there has been little agreement about priorities. When leaders of the National Center for Productivity and Quality of Working Life (now unfortunately defunct) met with representatives of the Work in America Institute, they could not agree in ranking productivity and workplace environment priorities. Despite this diversity and inconsistency, two central patterns for improving the quality of work life have emerged in the current scene. The first, represented by *job enrichment programs*, is the restructuring of the work itself so that the concrete tasks are more meaningful for the individual or the group. The second, represented by worker management committees and other forms of industrial "democracy," is the restructuring of the human relationships in the workplace in order to provide greater opportunity for *employee participation* in decision making processes. Historically, however, efforts to improve the quality of work life dealt with much more basic economic, health, and safety issues.

In the early twentieth century, legislative reforms were designed to regulate the worst abuses of the industrial system. Child labor laws were introduced. The Fair Labor Standards Act established the eight-hour day and the forty-hour week. Workmen's compensation laws not only provided protection for the job-injured employee but also helped to eliminate many hazardous working conditions. In the 1930s, the legitimization of collective bargaining through the Wagner Act became a legislative reality. Throughout this period, the union movement emphasized job security, due process in the workplace, and economic gains for the worker. Minimum wages were established by law. More recently, the Civil Rights Act of 1964 and the Occupational Safety and Health Act of 1970 addressed problems of equal employment opportunity and physical safety in the workplace. All of these reforms have had as their goal the regulation of business enterprise in such a manner as to protect and enhance the welfare of the working public. Meanwhile, social and organizational psychologists and other behavioral scientists were doing research on productivity and satisfaction and were designing experimental interventions to improve both performance and the quality of human relationships in industry.

It is important to recognize that the current and new programs to improve the quality of work life are based on these fundamental achievements of the past. One might say that the most fundamental problem of all is that of employment itself and that both law and policy are oriented to guarantee employment to all who wish it although the means by which full employment may be achieved are not at all clear. The new quality of work life movement goes beyond these fundamental issues to fulfill new expectations and aspirations. The restructuring of the work itself, the enhancement of opportunity for meaningful participation in the decision making process, and power sharing in the work constitute the unique features of this new effort. As a matter of fact, the new attitudes, values, and expectations of Americans are providing much of the stimulus to the quality of work life movement. Daniel Yankelovich asserts that what he labels the "new breed" now constitutes a majority of the American people.[14] This new breed almost universally wants and expects to hold a paid job, and "self-fulfillment" has supplanted material "success" as the major goal. The full impact of this new ethic and new value orientation is just now manifesting itself in the workplace. The desire for continuous learning and growth is already reflected in the enhanced opportunity for training and personal development in many of the quality of work life projects already underway.

Job Restructure

Restructuring the workplace and redesigning jobs is one of the two major thrusts of the quality of work life movement. Such changes have as their objective the enlargement or enrichment of the job tasks themselves so that employees may feel more involved in and challenged by the actual content of the work. Using a myriad of techniques, literally hundreds of companies in the United States and Europe have instituted such enrichment programs during the past two decades. Even so, only a small minority of companies in the United States have engaged in any systematic efforts along this line. Designing jobs so that the employee can be involved in an entire task and can use a wider variety of skills is a radical departure from the views which have dominated industrial thought. With the advent of the industrial revolution, the invention of interchangeable parts, and the spread of mass

production methods, the notion of "scientific" management flourished. As articulated by many social historians, this notion argued that, in order to cut costs, increase volume, and realize the maximum return on investment, work must be analyzed by industrial engineers and time-study specialists and then simplified into its most elementary parts. An assembly line could then be designed which would contain tasks so simple that anyone could learn them quickly and perform them well. In addition, the tasks would be so repetitive that employees could be trained to work like "machines." These methods were, it should not be forgotten, immensely successful.[15] The values and attitudes of the "old breed" were not inconsistent with these methods of work management. Work was seen as a burden or sacrifice. Life was a struggle. Material "success" held priority over "self-fulfillment" in social values. This view of organizational efficiency gained a secure niche in the minds of organizational and industrial leaders and has remained virtually unchanged for years. It is within this context that we must view the current developments in the area of restructuring jobs.

The reasons for the development of these enrichment programs are many. To begin with, the philosophical basis of job redesign or enrichment is the assumption that employees—particularly nonmanagement employees—are capable of doing far more than is currently required or even allowed of them in their jobs and that the modern employee would like to have these unused resources utilized as evidenced in the American Telephone and Telegraph Company's successful "work itself" program. Studies have shown that, while fair pay, good benefits, and good working conditions are important, these job factors do not provide such crucial incentives in motivating people as does the challenge of the job itself. In fact, as noted above, a poor work situation can actually have a deleterious effect upon the individual's physical, psychological, and social well-being.

The evidence clearly indicates that millions of American employees do not find desired satisfaction in their jobs. The most common explanation is that the nature of countless jobs is such that the new expectations are just not met. The controversial HEW study reported in *Work in America* cited above supports this view. Although specific evidence is scarce, the study indicated that nearly half of the employees in America were basically dissatisfied with their jobs. According to this report, "Dull, repetitive, seemingly meaningless tasks, offering little challenge or autonomy, are causing discontent among workers at all occupational levels." With the new breed just now entering the labor force in large numbers, enlightened managers and policy-makers are increasingly recognizing that something has to change. Job enrichment programs are specifically designed to involve at least a minimal level of the employee's skill and attention and, beyond that, to provide for an increase in the psychological investment in the work process itself. Such programs not only provide increased satisfaction and feelings of accomplishment, but they also lead to reduced absenteeism, turnover, and other symptoms of alienation such as drug and alcohol abuse. Good pay, fair benefits, and clean and safe plants and offices are not enough.

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The strategies that are used to restructure jobs vary considerably. Some firms broaden the responsibility of the individual jobs, thereby providing employees with greater opportunity to develop and use multiple skills on the job. **For example, as part of its original design of its pet food plant in Topeka, the General Foods management-consultant team arranged for employees to rotate jobs in order to avoid "freezing" an employee in any one position. Furthermore, the wage payment system was so designed as to encourage each employee to learn all of the various tasks of his or her work unit. As a team leader explained it, "The team member gets a raise when other members of the team decide he has mastered his first job and is capable of teaching it to another employee. Then he goes on to another job in the department and another and another, with the team deciding each time [that] he is proficient ... The highest pay goes to the person who can do the most jobs."**[16]

In addition to encouraging employees to develop and use multiple skills, work restructuring projects have focused on allowing employees to perform "whole" tasks rather than isolated segments of the whole. At Indiana Bell Telephone, telephone books had traditionally been assembled in 21 steps, each of which was performed by a different clerk. When this process was eliminated and each clerk was given sole responsibility for assembling an entire book, one of the effects was a reduction in employee turnover by 50 percent. Not all job enrichment or job enlargement programs are, however, successful. How they are introduced, how employees are involved in the process, and how reward systems are adjusted obviously affect the success of such attempts to improve the quality of work life.

Although it must be admitted that job satisfaction does not always or necessarily lead to improved job performance, there is evidence that job redesign programs can lead to both higher productivity and better quality. During the full experimental phase of the Rushton Mine study, productivity as measured in economic terms improved and, it is believed, had there been some contractual arrangement for gain sharing on the part of the miners and some minor changes in personnel assignments, the increases in economic performance would have been even greater. Actually, most of the research reports on job enrichment programs reveal a benefit in performance. The real problems, as we shall see, lie in the inability of such innovative programs to become institutionalized and transferred to other work units because of the various sources of resistance to such changes.

Workplace Democracy and Power Sharing

In addition to redesigning work so that it is intrinsically more rewarding, the other major quality of work life emphasis has been on one or another form of workplace democracy—on altering the organization's power structure so that lower-level employees are

given more opportunity to participate in the decision making process and more freedom and autonomy in carrying out tasks. There have been two basic forces driving this "democratization" of the workplace. The first has been the dissemination of behavioral science theory and research concerning the benefits in morale and productivity to be obtained from participatory management systems. The second has derived from socio-political considerations justifying the "rights" of employees in organizations to be involved—the rise of a kind of "constitutionalism" if you will. Jerome Rosow speaks to this point: "In a 1977 survey (Yankelovich, Skelly and White, Inc.), 54 percent of the American public stated that they feel they have a right to take part in decisions affecting their jobs. Among younger workers, 62 percent expressed this view, compared with 53 percent as recently as 1973. These attitudes reflect important changes in work values in America and a clear demand for more participation in the decision-making process at the workplace."[17] The full impact of this new ethic is perhaps only beginning to be felt. The extensive body of behavioral science knowledge concerning the demonstrable benefits of democratic or participative management methods is only now being widely disseminated and achieving some acceptance.

Just as there are these two sources of pressure for schemes to increase the participation of employees in decision processes within organizations, there have been two quite different responses to this pressure. One might superficially be called the American response and the other the European response: the former being characterized more by the internal introduction of shop-floor or office-level participation; the latter being characterized more by legislatively introduced systems for obtaining worker participation in top-level boards and committees.

The European movement to abolish or modify authoritarianism in industry has been established for some years. In the affected Western European countries, the democratization of industry has been widely regarded as a desirable and necessary goal by politicians, managers, union leaders, and the workers themselves—perhaps as a response to the more immediate threat of socialist and worker movements. As noted, industrial democracy has been achieved primarily by means of legislation requiring some form of worker or employee participation in the governance of the business enterprise.

Writing in the *Harvard Business Review*, Ted Mills, director of the National Quality of Work Center, identified five basic forms of industrial democracy which have been sanctioned by European laws: co-determination, works councils, shop-floor participation, financial participation, and collective bargaining.[18] For example, a 1972 law in the Netherlands states that all organizations with more than 100 employees are required to establish works councils. The company president will no longer be the chairman, and councils will have an advisory role on company plans that deal with investments, mergers, expansion, production cutbacks, or on the appointment of senior managers. In actuality, these councils still possess only modest power, however.

Sweden, with its pervasive social democratic ideology, is a second example. Sweden is generally considered to be a world leader in legally sanctioned industrial democracy reforms. It was here that the controversial "Meider Plan" for employee stock ownership originated. Basically, this plan suggests that all Swedish companies with more than 50 employees should be required to put 20 percent of their pre-tax profits annually into special share issues. These resulting stock pools would then form a nationwide system of stock funds which would be under the ownership and control of labor. Although Swedish unions favor employee stock ownership, they have been noncommittal regarding this particular plan. Management, on the other hand, has expressed concern that such a law would concentrate too much control under the power of unions. Whatever the final outcome of the debate, this plan for financial participation illustrates the increasing involvement of European governments in "quality of work life" issues.

In Italy, unions are seeking the right to consult with management in important company decisions. In this case, the unions are asking to be informed of and to represent the interests of workers; however, they reject schemes of codetermination and comanagement like those in Germany because Italy's unions, like many others in Europe, ultimately seek socialist solutions to these problems. Ironically, in Europe, while there may be worker representation on boards of directors and works councils, the organizational systems within which people work are often highly traditional or "authoritarian" in nature.

Ted Mills and others have noted that, although the situation is quite different, an industrial democracy movement exists in the United States as well. In contrast to European developments, American experiments have focused on voluntarily initiated and internally sponsored schemes designed to increase the involvement of the individual worker or work group in day-to-day decisions concerning the work itself and union-management relationships. While some informal forms of participative management are practiced in many American enterprises and public service organizations, there is still little formal or legislated democratization of work organization in the United States. Mills expresses optimism that the "future of a form of industrial democracy, uniquely American in character and deriving from American individualism, may not be quite as dim a prospect (or as undesirable to management and labor) as appearances in 1978 would lead one to believe."[19] Mills argues that it is becoming more widely recognized that democratic management can help to foster productivity. Thus, although in the past, "democratic, individualistic, and participative concerns seemed, somehow, to be incompatible with efficient profitable management in the United States," this situation is changing. Indeed, the dramatic growth of the "Organization Development" field bears testimony to the fact that an ever-growing number of managers and

The "future of a form of industrial democracy, uniquely American in character and deriving from American individualism, may not be quite as dim a prospect (or as undesirable to management and labor) as appearances in 1978 would lead one to believe."

union leaders have become committed to creating new kinds of organizational systems that will enhance the opportunities for all levels of employees to participate with dignity in those ongoing affairs of the organization which affect the individuals and groups composing the system.

Institutional Support

The work of the quality of work life movement as a social force is carried on in a number of different institutional settings. Major U.S. corporations have shared in this support, among them General Motors, Weyerhauser, Proctor and Gamble, General Foods, TRW, Butler Manufacturing, Cummins Engine, Polaroid, and Corning Glass to mention a few. The unions which have been recognized for their contributions are the United Automobile Workers, Bakery & Confectionery Workers, Newspaper Guild, American Federation of State, County & Municipal Employees, and the United Food Commercial workers.[20]

The Ford Foundation has played a prominent role in stimulating the quality of work life movement particularly in its subsidies of basic research programs to evaluate the results and effectiveness of quality of work life experiments. The U.S. Department of Labor, the Department of Commerce, and the National Science Foundation have played various roles in encouraging and supporting quality of work life programs. The former National Center for Productivity and Quality of Working Life was a joint program of the Departments of Labor and Commerce. The Occupational Safety and Health Administration has, of course, been actively involved in quality or work life issues. Currently, a number of nonprofit centers and institutes are providing leadership and direction to this movement. Among them are the Michigan Quality of Work Council, the National Quality of Work Center, the Work in America Institute, various Chambers of Commerce, and community development councils and agencies of one kind and another.

Internationally, the quality of work life movement is directly supported by governments (as discussed above). In addition, various international organizations, like the International Labour Organization, sponsor and study quality of work life innovations. A particularly dynamic force is the International Council for the Quality of Working Life which is centered in Europe and is stimulating projects in the Third World as well as in Europe.

Finally, one must acknowledge the role of university-based behavioral scientists and their organizational behavior consultant counterparts. Starting, perhaps, with the contribution of Roethlisberger and Dickson's *Management and the Worker,* university intellectuals have played a major role in providing the theoretical basis for the quality of work life movement. They have provided both a motive force for change and a vision of this movement for reform of the workplace through their teaching and public communication in disseminating ideas. Countless consultants and organization development specialists are now involved in working with private and public organizations in projects to solve the human problems of work life in ways that lead to higher productivity and more meaningful work lives for the members.

Prospects for the 1980s

We have identified many of the forces driving and inspiring the quality of work life movement: pressure from the expectations of the new breed, the unions, and behavioral science analysis; pressure from concerns with the physical and mental health effects of work setting; pressure from the public's concern with equity and social justice as mediated by the political process; and so on. We have identified a handful of planned programs to improve the quality of work life. And yet many quality of work life innovations have failed to become fully *institutionalized,* that is, to become permanent and built-in parts of organizational life; and successful demonstration projects such as the General Foods pet food plant have failed to *disseminate* successfully and to become widely adopted throughout the particular business or government organization specifically or throughout organizational life more generally. Why?

Obviously, there are many restraining forces, obstacles, and barriers to the introduction, institutionalization, and diffusion of quality of work life innovations. Jerome Rosow[21] and others have identified some of these obstacles:

- **slow economic growth in the 1970's as a depressant**
- **increased apprehension over government intervention and resistance to the enforcement of labor and civil rights legislation**
- **increased defensiveness of corporation governance to social criticism, e.g., to the revelation of widespread illegal political contributions**
- **prevalence of a reliance on old methods and old values as a response to conflicting economic, political, and social pressures which lead to a preoccupation with the "economics" of work rather than its psycho-social aspect.**
- **union distrust of management and fear of quality of work projects as either techniques to get more work for less pay or as outright attempts to destroy union power**
- **general resistance to a "mental health" perspective in viewing work relationships.**
- **the short supply of third-party experts and specialists so essential to the successful introduction of quality of work life changes**
- **resistance of many tradition-oriented and untrained employees to the investments required for success in innovations such as these**
- **general impatience with the long-term commitments required for the successful introduction and institutionalization of quality of work life changes.**

Furthermore, most quality of work life programs involve some degree of "power sharing," that is, participation by the individual employee, by employee groups, and by union representatives in the decision process. Even job enrichment programs often require the delegation of responsibility and authority down the line. Participative programs by definition involve power sharing. There are, obviously, many obstacles to such delegation and power sharing in its various forms:

- **people with power generally want to maintain and enhance their power**
- **most current management philosophies do not consider the potential advantages of participative systems as outweighing the costs**

- **many supervisors, managers, and executives experience personal apprehensions and fears concerning change to more open, participative organizational systems**
- **unions are suspicious that participative practices and quality of work life improvements will weaken the adversary aspects of the union-management relationship and complicate their problems**
- **many opinion leaders experience great ambivalence and perhaps systematic resistance to the kinds of "gain sharing" or profit sharing that may inevitably be required in such progressive work systems.**

Barring some totalitarian response to the complex problems confronting the industrialized western world, the pressure of new expectations and new values, the demand for new technology, and the demonstrated success of many innovative work systems will balance the restraining forces.

Despite these many obstacles and sources of resistance to the quality of work life movement and discounting a certain utopianism in the movement itself, one can project modest gains in the 1980s. Barring some totalitarian response to the complex problems confronting the industrialized western world, the pressure of new expectations and new values, the demand for new technology, and the demonstrated success of many innovative work systems will balance the restraining forces. It is to be hoped that the conflict between these sets of forces will lead to some new synthesis, to some new and better ways of organizing human effort as our organizational world responds to its own problems of energy, environment, and a turbulent international situation.

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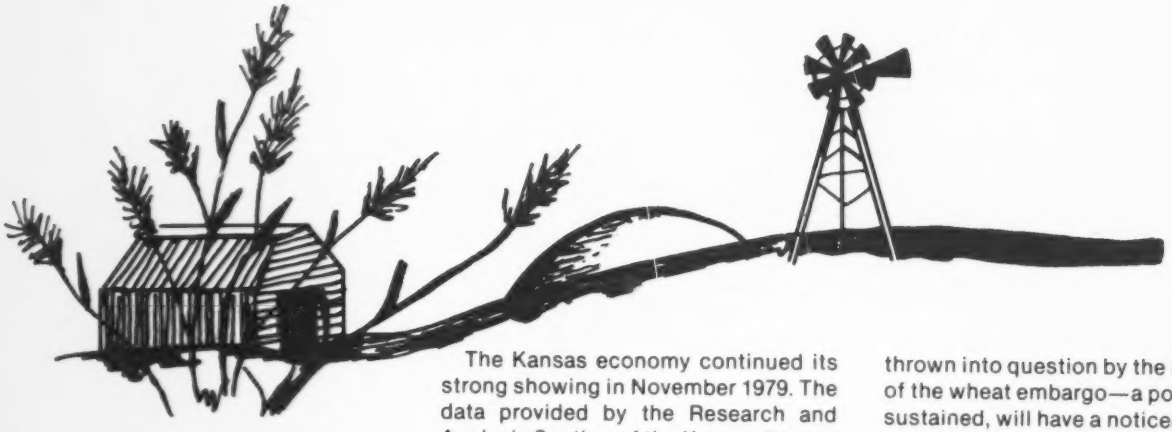
Kansas in November



General Business

The cautious suggestion made in last month's *Kansas Business Review* that the oft-predicted national recession of 1979-80 may not, in fact, come to pass has gained greater credibility in light of the most recent data. As reported last month, 1979 third-quarter GNP registered a surprising growth in excess of three percent, and preliminary data for the fourth quarter indicates a positive figure (1.5 percent) for that three-month period as well. Therefore, it is clear that the traditional definition of a recession—two successive quarters of negative growth for the GNP—will not be realized in 1979 and that fourth quarter 1979 will not initiate a recession during this winter. Appearing much more likely is a forecast for 1980 of slow economic growth coupled with a gradual rise in unemployment, little if any growth in real wages, and some moderation of the inflation rate. But, whatever the future holds for 1980, 1979 will be regarded historically as a year in which the country's economy experienced stagflation but not a recession and as a year that confounded the forecasts of almost all economists and observers of the economy.

The Kansas economy continued its strong showing in November 1979. The data provided by the Research and Analysis Section of the Kansas Department of Human Resources reveals that total nonfarm wage and salary employment by place of work increased in the State 0.5 percent over the month and 3.4 percent over the year. This latest increase follows the steady growth in employment recorded during the two preceding months. At the same time, the average work week rose by 1.0 percent in November from the October average and rose by over 2.0 percent from a year ago. Average weekly earnings in manufacturing also increased over the month and the year. Initial claims for unemployment insurance rose 17.0 percent in November—an increase in keeping with the seasonal fluctuation in employment across the State as demonstrated by the fact that this month's figure varies only slightly from the figure recorded in November 1978. The number of new incorporations of both in-state and out-of-state firms for profit decreased over the month and over the year.

As the data for the 1979 Kansas economy continues to come in, all indications are that the year will prove to have been a period of comparative economic strength for the State. However, what, until recently, would have seemed the predictable forecast of a similar kind of year for 1980 has been thrown into question by the imposition of the wheat embargo—a policy that, if sustained, will have a noticeable effect on the State's economic growth. (See Table I.)

Employment

Kansas employment continued its steady growth in November 1979. The number of persons employed in the State grew 0.5 percent from October 1979, and the unemployment rate declined to 2.7 percent which is less than half the national rate of unemployment. From November 1978 to November 1979, total employment in Kansas grew 3.4 percent, the number of unemployed persons declined by 8.9 percent, and the unemployment rate dropped 0.4 percent. The even and balanced growth in Kansas employment for the past few years is demonstrated by a comparison between November 1976 and November 1979 employment data. Total employment has increased 13.8 percent during this three-year period, and seven of the eight major private categories of employment grew by more than 10 percent. The exception, retail sales, grew by a strong 9.5 percent. Only federal, State, and local government employment has shown little change since November 1976.

Among the five categories that showed strong employment growth

TABLE I
GENERAL BUSINESS INDICATORS

	Nov. 1979	Oct. 1979	% change	Avg. Prior 6 mos.	Annual Avg. 1978
Manufacturing					
Average Work Week (hrs.)	41.40	41.00	1.00	40.90	40.70
Average Weekly Earnings (dollars)	292.70	287.82	1.70	276.34	240.99
Initial Claims for					
Unemployment Insurance	8,183.00	6,994.00	17.00	7,448.00	8,082.00
New Incorporations					
In-State	309.00	427.00	– 27.60	385.00	336.00
Out-of-State	68.00	107.00	– 36.40	96.00	88.00

Source: Research and Analysis Section
Division of Staff Services
Kansas Department of Human Resources

Kansas Secretary of State

over the month, mining (with its subcategory, oil and gas extraction) is most notable. In the past, November employment data for mining usually reflected the seasonal lay-off of workers; however, for the last two years, in response to the increasing value of energy resources, this industry has maintained an almost unbroken record of persistent growth in employment. A comparison of November 1978 data to that of November 1979 shows that all major industries registered increases in employment, ranging from the highest increase of 8.5 percent in contract construction to the lowest of 0.3 percent in State and local government. The contract construction figure deserves further mention: the 8.5 percent increase is remarkable in light of the year's difficulties in the housing market and suggests that Kansas builders have responded successfully to the challenges of extremely high interest rates and a sluggish national economy. (See Table II.)

Regional Employment

Employment throughout Kansas has remained fairly stable over the last year. The Lyon County unemployment rate did not change at all, and the Wichita SMSA unemployment rate declined from 3.0 percent in November 1978 to 2.2 percent in November 1979. Barton County and Montgomery County were the only two counties whose unemployment rate increased, and those increases were small (0.3 percent and 0.6 percent, respectively).

Unemployment relative to the previous month also remained generally consistent with seven of the regional areas experiencing a decline in the unemployment rate of 0.2 percent or 0.3 percent. Among the four areas wherein a rise was recorded, Reno County experienced the largest increase at 0.6 percent.

All the regions except Montgomery County registered an increase in the number of people in their civilian labor force since this time last year, but only the Kansas portion of the Kansas City SMSA and the Wichita SMSA showed any increase in the civilian labor force since last month. Historically, November appears to be a rather slow month in terms of people looking for jobs, but the Christmas season generally improves the situation. Farm employment for all regions declined since last month by at least 10 percent, but this decrease is also seasonal: all areas except the Topeka SMSA, Lyon County, and Reno County were close to their positions of November 1978. (See Table III.)

The *Kansas Business Review* staff is grateful to Mr. Fred Rice and the staff of the Kansas Department of Human Resources for providing regional employment data on a monthly basis. The Department of Human Resources publishes this data bimonthly, but readers are encouraged to get in touch with the Department's representatives in their regions if they wish to have the data on a monthly basis or wish more detailed information about employment in their area. The Department's regional staff has available historical and current data on area and State developments in employment and welcomes inquiries and requests. For the names and addresses of the regional personnel, interested readers may write or call either the Department of Human Resources or the KU Institute for Economic and Business Research.

Retail Sales (October and November)

The October and November figures for retail sales by business category based on retail sales tax collections are difficult to interpret because of a statistical abnormality. The figures

TABLE II
NON-FARM WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

(thousands)

Industry	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change
All Industries	963.5	958.8	0.5	931.7	3.4
Manufacturing	203.1	198.5	2.3	194.1	4.6
Durable Goods	135.4	131.3	3.1	127.0	6.6
Stone, Clay, Glass	10.2	10.3	– 1.0	9.6	6.3
Primary Metals	4.0	4.0	0.0	4.0	0.0
Fabricated Metal Products	13.8	14.0	– 1.4	14.0	– 1.4
Machinery (incl. elec.)	34.4	34.5	– 0.3	32.8	4.9
Transportation Equipment	59.6	55.2	8.0	53.0	12.5
Aircraft & Parts	49.3	47.9	2.9	41.8	17.9
Other Durable Goods	13.4	13.3	0.8	13.6	– 1.5
Nondurable Goods	67.7	67.2	0.7	67.1	0.9
Food & Kindred Products	24.0	24.0	0.0	23.2	3.4
Meat Products	9.4	9.3	1.1	8.6	9.3
Apparel	3.5	3.5	0.0	3.7	– 5.4
Printing & Publishing	16.4	15.7	4.5	15.6	5.1
Chemicals	8.6	8.5	1.2	8.4	2.4
Petroleum & Coal	4.8	4.8	0.0	4.5	6.7
Other Nondurable	10.4	10.7	– 2.8	11.7	– 11.1
Mining	13.5	13.3	1.5	12.8	5.5
Oil & Gas Extraction	11.2	10.9	2.8	10.6	5.7
Contract Construction	53.6	55.8	– 3.9	49.4	8.5
Trans., Comm., Elec., Gas	67.1	67.7	– 0.9	64.1	4.7
Wholesale Trade	62.0	62.4	– 0.6	61.4	1.0
Retail Trade	166.5	164.3	1.3	163.0	2.1
Finance, Insurance, Real Estate	47.3	47.3	0.0	45.4	4.2
Services	166.0	166.1	– 0.1	157.7	5.3
Federal Government	25.8	25.7	0.4	25.7	0.4
State & Local Government	158.6	157.7	0.6	158.2	0.3

Source: Research and Analysis Section
Division of Staff Services
Kansas Department of Human Resources

TABLE III
EMPLOYMENT—UNEMPLOYMENT DATA FOR KANSAS, STATE AND AREAS

Area	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change
Kansas—Statewide					
Civilian Labor Force	1,209,100	1,219,300	– 0.8	1,178,200	2.6
Employed	1,176,300	1,185,500	– 0.8	1,142,200	3.0
Farm	56,000	68,300	– 18.0	56,800	– 1.4
Non-Farm	1,120,300	1,117,200	0.3	1,085,400	3.2
Unemployed	32,800	33,800	– 3.0	36,000	– 8.9
Rate	2.7%	2.8%		3.1%	
Lawrence SMSA					
Civilian Labor Force	34,600	34,800	– 0.6	33,000	4.8
Employed	33,700	33,800	– 0.3	32,000	5.3
Farm	700	900	– 22.2	700	0.0
Non-Farm	33,000	32,900	0.3	31,300	5.4
Unemployed	900	1,000	– 10.0	1,000	– 10.0
Rate	2.6%	2.9%		3.0%	
Kansas portion of Kansas City SMSA					
Civilian Labor Force	270,300	266,800	1.3	260,800	3.6
Employed	261,300	257,400	1.5	252,400	3.5
Farm	1,200	1,500	– 20.0	1,200	0.0
Non-Farm	260,100	255,900	1.6	251,200	3.5
Unemployed	9,000	9,400	– 4.3	8,400	7.1
Rate	3.3%	3.5%		3.2%	
Topeka SMSA					
Civilian Labor Force	93,100	94,000	– 1.0	92,900	0.2
Employed	89,900	90,600	– 0.8	89,600	0.3
Farm	1,600	2,000	– 20.0	1,700	– 5.9
Non-Farm	88,300	88,600	– 0.3	87,900	0.5
Unemployed	3,200	3,400	– 5.9	3,300	– 3.0
Rate	3.4%	3.6%		3.6%	
Wichita SMSA					
Civilian Labor Force	226,300	226,100	0.1	214,300	5.6
Employed	221,300	220,400	0.4	207,900	6.4
Farm	2,300	2,800	– 17.9	2,300	0.0
Non-Farm	219,000	217,600	0.6	205,600	6.5
Unemployed	5,000	5,700	– 12.3	6,400	– 21.9
Rate	2.2%	2.5%		3.0%	

presented in Tables IV are based on an average of the three preceding months because retail sales tax collections do not come to the Department of Revenue in a steady flow. Thus, a monthly change in retail sales tax collections is not necessarily important, and the use of a three-month average is an attempt to control the irregularity of retail sales tax collections. However, the September 1979 collections were extraordinarily low—down nearly one third from August 1979. Even though the October and November collections returned to approximately the summer level of retail sales tax collections, the September figures are significantly low enough to distort even the three-month averages. Thus, despite the data presented in Tables IV, one is drawn to the conclusion that the dollar volume of retail sales is slightly higher than a year ago. However, even this adjustment does not present the full story. If inflation is taken into consideration, then retail sales are actually below a year ago, probably 7.0 to 10 percent. This phenomenon is occurring not only in Kansas; nationwide retail sales also seem to be slightly ahead of a year ago, but real retail sales (retail sales with inflation taken into consideration) are down significantly from a year ago. (See Tables IV.)

County Retail Sales (October and November)

The problems mentioned above with the retail sales data by business category also affect the retail sales data by county. In terms of relative change in retail sales, it appears that the southeastern corner, the north central region, and the northwestern region of the State have declining retail sales compared to the State as a whole. The particular areas which seem to be strong in retail sales are the northeastern region and the Wichita area. (See Tables V.)

TABLE III
EMPLOYMENT—UNEMPLOYMENT DATA FOR KANSAS, STATE AND AREAS (Continued)

Area	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change
Barton Co.—Great Bend Area					
Civilian Labor Force	17,675	17,725	– 0.3	17,225	2.6
Employed	17,325	17,325	0.0	16,925	2.4
Farm	825	1,000	– 17.5	850	– 2.9
Non-Farm	16,500	16,325	1.1	16,075	2.6
Unemployed	350	400	– 12.5	300	16.7
Rate	2.0%	2.3%		1.7%	
Crawford Co.—Pittsburg Area					
Civilian Labor Force	16,575	16,700	– 0.7	16,300	1.7
Employed	16,000	16,175	– 1.1	15,675	2.1
Farm	750	900	– 16.7	750	0.0
Non-Farm	15,250	15,275	– 0.2	14,925	2.2
Unemployed	575	525	9.5	625	– 8.0
Rate	3.5%	3.1%		3.8%	
Lyon Co.—Emporia Area					
Civilian Labor Force	18,100	18,150	– 0.3	17,500	3.4
Employed	17,725	17,775	– 0.3	17,125	3.5
Farm	725	900	– 19.4	750	– 3.3
Non-Farm	17,000	16,875	0.7	16,375	3.8
Unemployed	375	375	0.0	375	0.0
Rate	2.1%	2.1%		2.1%	
Montgomery Co.—Coffeyville Area					
Civilian Labor Force	20,975	21,250	– 1.3	21,225	– 1.2
Employed	20,425	20,750	– 1.6	20,800	– 1.8
Farm	550	650	– 15.4	550	0.0
Non-Farm	19,875	20,100	– 1.1	20,250	– 1.9
Unemployed	550	500	10.0	425	29.4
Rate	2.6%	2.4%		2.0%	
Reno Co.—Hutchinson Area					
Civilian Labor Force	32,075	32,450	– 1.2	31,400	2.1
Employed	31,375	31,775	– 1.3	30,575	2.6
Farm	1,175	1,425	– 17.5	1,200	– 2.1
Non-Farm	30,200	30,350	– 0.5	29,375	2.8
Unemployed	700	675	3.7	825	– 15.2
Rate	2.2%	2.1%		2.6%	
Riley Co.—Manhattan Area					
Civilian Labor Force	21,850	22,125	– 1.2	21,100	3.6
Employed	21,350	21,575	– 1.0	20,550	3.9
Farm	950	1,150	– 17.4	950	0.0
Non-Farm	20,400	20,425	– 0.1	19,600	4.1
Unemployed	500	550	– 9.1	550	– 9.1
Rate	2.3%	2.5%		2.6%	
Saline Co.—Salina Area					
Civilian Labor Force	25,600	25,800	– 0.8	25,250	1.4
Employed	24,925	25,150	– 0.9	24,525	1.6
Farm	625	750	– 16.7	650	– 3.8
Non-Farm	24,300	24,400	– 0.4	23,875	1.8
Unemployed	675	650	3.8	725	– 6.9
Rate	2.6%	2.5%		2.9%	

Source: Research and Analysis Section
Division of Staff Services
Kansas Department of Human Resources

TABLE IV
RETAIL SALES SUBJECT TO SALES TAX
BY BUSINESS CLASSIFICATION (NOVEMBER)

(millions of dollars)

Business Classification	Nov. * 1979	Aug. * 1979	% change	Avg. 1978	% change
Apparel	24.3	25.4	– 4.1	25.1	– 3.2
Automotive	194.4	213.6	– 9.0	195.7	– 0.7
Food	215.3	234.1	– 8.0	213.6	0.8
Furniture	38.1	40.4	– 5.6	41.2	– 7.5
General Merchandise	130.0	136.5	– 4.8	126.0	3.2
Lumber and Building Materials	87.2	95.1	– 8.3	91.7	– 4.9
Professional and Personal Service	36.1	38.8	– 6.9	37.9	– 4.7
Public Utilities	46.5	84.2	– 44.8	90.2	– 48.4
Unclassified	90.4	101.7	– 11.1	88.7	1.9
Farm and Garden Products	0.9	1.0	– 13.5	0.8	12.5
Manufacturing and Trading	70.7	74.3	– 4.9	66.2	6.8
Miscellaneous	2.3	1.8	31.9	2.7	– 14.8
Total	936.1	1046.7	– 10.6	979.8	– 4.5

* Monthly Average for Prior Three Months

Source: Tax Research Section
Kansas Department of Revenue

TABLE IV
RETAIL SALES SUBJECT TO SALES TAX
BY BUSINESS CLASSIFICATION (OCTOBER)

(millions of dollars)

Business Classification	Oct. * 1979	July * 1979	% change	Oct. 1978	% change
Apparel	25.0	25.1	0.4	24.7	1.2
Automotive	206.4	214.9	– 4.0	212.3	– 2.8
Food	233.1	211.8	10.1	218.1	6.9
Furniture	40.2	39.5	1.8	41.1	– 2.2
General Merchandise	141.7	130.8	8.3	129.1	9.8
Lumber and Building Materials	93.8	85.9	9.2	94.4	– [illegible]
Professional and Personal Service	37.6	37.1	1.3	38.4	– 2.1
Public Utilities	56.9	98.0	– 41.9	85.0	– 33.1
Unclassified	95.1	96.9	– 1.9	92.7	2.6
Farm and Garden Products	0.9	1.0	– 10.0	0.8	12.5
Manufacturing and Trading	71.9	72.0	– 0.1	68.9	4.4
Miscellaneous	2.4	1.9	26.3	2.6	– 7.7
Total	1005.1	1014.8	– 1.0	1008.1	– 0.3

* Monthly Average for Prior Three Months

Source: Tax Research Section
Kansas Department of Revenue

TABLE V
RETAIL SALES SUBJECT TO SALES TAX BY COUNTY (OCTOBER)

(thousands of dollars)

County	Sales * Oct. 1979	Sales * July 1979	Change From July 1979 (%)	Sales * Oct. 1978	Change From Oct. 1978 (%)
Allen	4,881	5,307	– 8.03	4,974	– 1.87
Anderson	2,467	2,365	4.31	2,229	10.68
Atchison	4,753	4,733	0.42	4,584	3.69
Barber	2,491	2,256	10.42	2,363	5.42
Barton	22,750	21,388	6.37	22,176	2.59
Bourbon	5,429	5,472	– 0.79	5,444	– 0.28
Brown	3,414	3,396	0.53	3,449	– 1.01
Butler	15,081	12,744	18.34	13,860	8.81
Chase	647	768	– 15.76	705	– 8.23
Chautauqua	1,074	1,071	0.28	958	12.11
Cherokee	4,045	4,143	– 2.37	4,447	– 9.04
Cheyenne	1,463	1,253	16.76	1,379	6.09
Clark	548	583	– 6.00	607	– 9.72
Clay	3,123	3,121	.06	3,213	– 2.80
Cloud	4,337	4,318	0.44	4,590	– 5.51
Coffey	2,205	2,234	– 1.30	2,176	1.33
Comanche	610	629	– 3.02	582	4.81
Cowley	12,420	12,490	– .56	12,464	– .35
Crawford	12,280	12,086	1.61	11,670	5.23
Decatur	1,607	1,586	1.32	1,556	3.28
Dickinson	6,071	5,807	4.55	5,997	1.23
Doniphan	2,084	1,874	11.21	1,850	12.65
Douglas	21,404	21,385	.09	22,353	– 4.25
Edwards	979	999	– 2.00	970	.93
Elk	645	699	– 7.73	728	– 23.63
Ellis	13,410	12,254	9.43	12,966	3.42
Ellsworth	2,053	1,789	14.76	2,144	– 4.29
Finney	15,492	14,150	9.48	14,708	5.33
Ford	14,798	12,951	14.26	13,692	8.08
Franklin	6,767	6,680	1.30	6,642	1.88
Geary	8,434	8,657	– 2.58	8,894	– 5.17
Gove	1,292	1,279	1.02	1,522	– 15.11
Graham	1,614	1,606	.50	1,651	– 2.24
Grant	3,626	3,311	9.51	3,366	7.72
Gray	1,929	1,713	12.61	1,459	32.21
Greeley	602	672	– 10.42	593	1.52
Greenwood	2,847	2,499	13.93	2,723	4.55
Hamilton	743	805	– 7.70	857	– 13.30
Harper	2,958	2,742	7.88	2,610	13.33
Harvey	9,138	8,529	7.14	8,911	2.55
Haskell	1,061	1,083	– 2.03	1,063	– .19
Hodgeman	404	435	– 7.13	377	7.16
Jackson	2,142	2,365	– 9.43	2,386	– 10.23
Jefferson	3,256	2,761	17.93	2,965	9.81
Jewell	873	976	– 10.55	1,009	– 13.48
Johnson	116,826	115,627	1.04	114,450	2.08
Kearny	689	759	– 9.22	711	– 3.09
Kingman	2,429	2,292	5.98	2,312	5.06
Kiowa	1,376	1,176	17.01	1,310	5.04
Labette	7,636	7,727	– 1.18	7,631	.07
Lane	820	733	11.87	799	2.63
Leavenworth	11,650	11,677	– .23	12,457	– 6.48
Lincoln	1,155	1,096	5.38	1,213	– 4.78

* Monthly Average for Prior Three Months

TABLE V
RETAIL SALES SUBJECT TO SALES TAX BY COUNTY (Continued)
(thousands of dollars)

County	Sales * Oct. 1979	Sales * July 1979	Change From July 1979 (%)	Sales * Oct. 1978	Change From Oct. 1978 (%)
Linn	1,806	1,935	– 6.67	1,906	– 5.25
Logan	1,846	1,668	10.67	1,704	8.33
Lyon	12,751	12,454	2.38	12,698	.42
McPherson	9,815	9,583	2.42	9,700	1.19
Marion	3,640	3,652	– .33	3,742	– 2.73
Marshall	3,711	4,250	– 12.68	3,734	– .62
Meade	1,436	1,304	10.12	1,210	18.68
Miami	5,731	5,177	10.70	5,519	3.84
Mitchell	3,330	3,616	– 7.91	3,342	– .36
Montgomery	14,792	15,164	– 2.45	14,909	– .78
Morris	1,441	1,413	1.98	1,601	– 9.99
Morton	1,141	1,137	.35	1,234	– 7.54
Nemaha	3,104	3,057	1.54	3,147	– 1.37
Neosho	7,221	7,132	1.25	7,354	– 1.81
Ness	1,735	1,459	18.92	1,533	13.18
Norton	2,332	2,163	7.81	2,058	45.24
Osage	3,112	3,205	– 2.90	3,251	– 4.28
Osborne	1,805	1,810	– .28	1,874	– 3.68
Ottawa	1,178	1,279	– 7.90	1,249	– 5.68
Pawnee	3,320	3,029	9.61	3,128	6.14
Phillips	2,467	2,558	– 3.56	2,292	7.64
Pottawatomie	4,346	4,172	4.17	4,318	.65
Pratt	5,132	4,572	12.25	4,838	6.08
Rawlins	945	962	– 1.77	981	– 3.67
Reno	28,826	26,646	8.18	28,387	1.55
Republic	2,254	2,392	– 5.77	2,261	– .31
Rice	3,123	3,209	– 2.68	3,250	– 3.91
Riley	15,038	14,373	4.63	15,537	– 3.21
Rooks	3,428	3,111	10.19	3,176	7.93
Rush	1,368	1,278	7.04	1,359	.66
Russell	4,882	4,901	– .39	4,923	– .83
Saline	27,723	25,677	7.97	26,886	3.11
Scott	2,650	2,602	1.84	2,647	.11
Sedgwick	189,137	179,660	5.27	177,061	6.82
Seward	11,705	11,430	2.41	11,148	5.00
Shawnee	74,498	69,423	7.31	71,387	4.36
Sheridan	1,131	1,399	– 19.16	1,334	– 15.22
Sherman	4,345	3,870	12.27	4,196	3.55
Smith	1,927	1,831	5.24	1,949	– 1.13
Stafford	1,569	1,526	2.82	1,491	5.23
Stanton	679	662	2.57	668	1.65
Stevens	1,603	1,426	12.41	1,414	13.37
Sumner	6,227	5,795	7.45	6,100	2.08
Thomas	4,762	4,418	7.79	5,041	– 5.53
Trego	1,336	1,355	– 1.40	1,755	– 23.87
Wabaunsee	1,124	1,084	3.69	1,128	– .35
Wallace	663	664	– .15	673	– 1.49
Washington	2,057	2,085	– 1.34	2,044	.64
Wichita	984	882	11.56	980	.41
Wilson	2,733	2,732	.04	2,968	– 7.92
Woodson	1,221	919	32.86	1,001	21.98
Wyandotte	59,300	61,267	– 3.21	58,218	1.86

Source: Tax Research Section
Kansas Department of Revenue

TABLE V
RETAIL SALES SUBJECT TO SALES TAX BY COUNTY (NOVEMBER)

(thousands of dollars)

County	Sales * Nov. 1979	Sales * Aug. 1979	Change From Aug. 1979 (%)	Sales * Nov. 1978	Change From Nov. 1978 (%)
Allen	4,577	5,274	– 13.2	4,703	– 2.7
Anderson	2,269	2,583	– 12.1	2,463	– 7.9
Atchison	4,513	4,685	– 3.7	4,533	– 0.4
Barber	2,355	2,487	– 5.3	2,185	7.8
Barton	21,570	22,773	– 5.3	20,289	6.3
Bourbon	5,048	5,820	– 13.3	5,241	– 3.7
Brown	3,200	3,678	– 13.0	3,333	– 4.0
Butler	14,295	14,680	– 2.6	13,042	9.6
Chase	645	760	– 15.1	773	– 16.6
Chautauqua	996	1,108	– 10.1	967	3.1
Cherokee	3,850	4,439	– 13.3	4,351	– 11.5
Cheyenne	1,291	1,379	– 6.4	1,368	– 5.6
Clark	494	628	– 21.4	559	– 11.7
Clay	2,805	3,462	– 19.0	3,090	– 9.2
Cloud	4,084	4,449	– 8.2	4,394	– 7.1
Coffey	1,990	2,461	– 19.1	2,082	– 4.4
Comanche	491	720	– 31.8	544	– 9.8
Cowley	11,402	13,326	– 14.4	11,291	1.0
Crawford	11,523	12,744	– 9.6	11,785	– 2.2
Decatur	1,493	1,636	– 8.7	1,525	– 2.1
Dickinson	5,433	6,238	– 12.9	5,860	– 7.3
Doniphan	2,096	2,115	– 0.9	1,939	8.1
Douglas	20,738	22,565	– 8.1	21,585	– 3.9
Edwards	1,017	1,004	1.2	933	9.0
Elk	571	737	– 22.6	658	– 13.2
Ellis	11,979	12,909	– 7.2	12,686	– 5.6
Ellsworth	1,922	1,943	– 1.0	2,066	– 6.9
Finney	14,054	15,433	– 8.9	13,665	2.8
Ford	13,773	14,411	– 4.4	12,306	11.9
Franklin	6,340	6,913	– 8.3	6,452	– 1.7
Geary	7,438	9,140	– 18.6	8,035	– 7.4
Gove	1,134	1,343	– 15.5	1,317	– 13.9
Graham	1,529	1,703	– 10.2	1,476	3.6
Grant	3,443	3,530	– 2.5	3,206	7.4
Gray	1,617	1,981	– 18.4	1,518	6.5
Greeley	476	728	– 34.6	600	– 20.7
Greenwood	2,641	2,725	– 3.1	2,655	– 0.5
Hamilton	780	918	– 15.0	750	4.0
Harper	2,794	3,022	– 7.5	2,485	12.4
Harvey	8,581	9,361	– 8.3	8,647	– 0.8
Haskell	999	1,213	– 17.7	1,084	– 7.9
Hodgeman	385	462	– 16.6	338	14.0
Jackson	2,064	2,542	– 18.8	2,289	– 9.8
Jefferson	2,984	3,153	– 5.4	2,906	2.7
Jewell	748	1,059	– 29.4	972	– 23.1
Johnson	111,181	117,149	– 5.1	109,925	1.1
Kearny	657	756	– 13.2	707	– 7.1
Kingman	2,232	2,424	– 7.9	2,095	6.6
Kiowa	1,256	1,413	– 11.1	1,213	3.6
Labette	7,287	8,243	– 11.6	7,341	– 0.7
Lane	806	792	1.7	750	7.4
Leavenworth	10,581	12,480	– 15.2	11,867	– 10.8
Lincoln	1,026	1,253	– 18.1	1,155	– 11.1

* Monthly Average for Prior Three Months

TABLE V
RETAIL SALES SUBJECT TO SALES TAX BY COUNTY (Continued)
(thousands of dollars)

County	Sales * Nov. 1979	Sales * Aug. 1979	Change From Aug. 1979 (%)	Sales * Nov. 1978	Change From Nov. 1978 (%)
Linn	1,753	2,050	– 14.5	1,848	– 5.1
Logan	1,772	1,874	– 5.4	1,701	4.2
Lyon	11,901	13,228	– 10.0	12,067	– 1.4
McPherson	9,744	9,806	– 0.6	8,965	8.7
Marion	3,403	3,853	– 11.7	3,407	– 0.1
Marshall	3,454	4,192	– 17.6	3,524	– 2.0
Meade	1,339	1,398	– 4.2	1,132	18.2
Miami	5,637	5,576	1.1	5,434	3.7
Mitchell	3,215	3,792	– 15.2	3,358	– 4.3
Montgomery	14,419	15,338	– 6.0	14,356	0.4
Morris	1,258	1,527	– 17.6	1,420	– 11.4
Morton	1,106	1,067	3.7	1,138	– 2.8
Nemaha	3,019	3,213	– 6.0	3,100	– 2.6
Neosho	7,159	7,341	– 2.5	7,168	– 0.1
Ness	1,564	1,735	– 9.9	1,444	8.3
Norton	2,104	2,253	– 6.6	1,983	6.1
Osage	3,097	3,197	– 3.1	3,131	– 1.1
Osborne	1,656	1,843	– 10.1	1,916	– 13.5
Ottawa	1,103	1,306	– 15.5	1,221	– 9.6
Pawnee	2,980	3,220	– 7.4	2,841	4.9
Phillips	2,403	2,660	– 9.7	2,229	7.8
Pottawatomie	3,909	4,615	– 15.3	3,979	– 1.8
Pratt	4,532	5,153	– 12.0	4,385	3.3
Rawlins	899	997	– 9.8	874	2.9
Reno	27,417	28,377	– 3.4	27,393	0.1
Republic	2,363	2,429	– 2.7	2,294	3.0
Rice	2,881	3,400	– 15.3	3,057	– 5.8
Riley	14,208	15,196	– 6.5	15,182	– 6.4
Rooks	3,178	3,312	– 4.1	3,081	3.1
Rush	1,320	1,278	3.3	1,149	14.8
Russell	4,754	4,770	– 0.3	4,472	6.3
Saline	25,026	28,227	– 11.3	25,731	– 2.7
Scott	2,279	2,853	– 20.1	2,748	– 17.1
Sedgwick	177,683	187,837	– 5.4	171,842	3.4
Seward	3,259	11,255	– 71.0	10,638	– 69.4
Shawnee	68,357	72,476	– 5.7	69,840	– 2.1
Sheridan	1,077	1,360	– 20.8	1,279	– 15.8
Sherman	3,897	4,293	– 9.2	4,018	– 3.0
Smith	1,687	2,065	– 18.3	1,736	– 2.8
Stafford	1,455	1,678	– 13.2	1,326	9.7
Stanton	605	737	– 17.9	712	– 15.0
Stevens	1,514	1,530	– 1.0	1,398	8.3
Sumner	5,592	6,393	– 12.5	5,748	– 2.7
Thomas	4,378	4,910	– 10.8	4,403	– 0.6
Trego	1,328	1,432	– 7.3	1,500	– 11.5
Wabaunsee	1,008	1,165	– 13.4	1,071	– 5.8
Wallace	595	699	– 14.9	644	– 7.7
Washington	1,817	2,140	– 15.1	1,849	– 1.7
Wichita	881	962	– 8.4	953	– 7.6
Wilson	2,632	2,812	– 6.4	2,781	– 5.4
Woodson	1,065	1,130	– 5.7	955	11.5
Wyandotte	56,968	62,394	– 8.7	56,888	0.1

Source: Tax Research Section
Kansas Department of Revenue

Farm Prices

The prices Kansas farmers received for field crops and livestock changed little from October to November. The biggest changes in prices among the field crops were for hay, up 2.1 percent, and corn, down 2.0 percent. Wheat prices held up well with a 0.5 percent increase as did sorghum prices with a 1.3 percent increase. Soybean prices fell again this month (1.8 percent). The livestock prices which changed the most from October to November were lambs, down 5.4 percent, and calves, up 4.1 percent. During this period, milk prices increased 1.6 percent, beef cattle increased 0.6 percent, and hog prices remained the same.

Generally, farm prices are higher than a year ago; the two exceptions are soybeans, down 7.3, and hogs, down 26.8. The products showing the greatest increase in prices were wheat (31.0 percent), sorghum (15.1 percent), calves (27.0 percent), and beef cattle (15.6 percent).

The November prices paid by Kansas farmers were lower for three products (soybean meal, dairy feed, and laying feed), were higher for two products (brand and beef concentrate), and remained unchanged for hog concentrate. The November prices of 1979 are all higher than the November 1978 prices, but only two products have a double-digit increase in price, bran (20.9 percent) and dairy feed (11.1 percent). (See Table VI.)

Financial Activity

The influence of the Federal Reserve's renewed tight money policy, first apparent in the October 1979 banking data, continued to dramatically affect Kansas banking in November. The November 1979 loan-to-deposit percentage was significantly below the November 1978 loan-to-deposit percentage for each of the major banking centers in Kansas and for the Kansas banking system on a statewide basis. Statewide, loans in November were only 4.7 percent above a year ago, a figure which actually represents a drop of about 8.0 percent when inflation is taken into account. Of the three major banking centers, only Kansas City, Kansas experienced an actual decline in loans since November 1978; however, loans in both Wichita and Topeka grew significantly less than the rate of inflation. (See Table VII.)

The savings and loan data for mortgage loans made for November 1979 showed a 26.3 percent decrease since the previous month. This pattern is in keeping with the overall savings and loan activity from November 1978 to November 1979—the mortgage loans made had a marked decrease of 35.8 percent.

The net new savings activity also declined. In the period from October 1979 to November 1979, net new savings went down 60.4 percent. In the overall view of the year's net new savings, from November 1978 to November 1979, the figures show a 47.6 percent decline. (See Table VIII.)

TABLE VI
PRICES RECEIVED BY KANSAS FARMERS
(dollars)

Items	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change	Annual Avg. 1978
Prices Received by Farmers						
Field Crops						
Wheat (bu.)	3.93	3.91	0.5	3.00	31.0	2.72
Corn (bu.)	2.47	2.52	– 2.0	2.22	11.3	2.21
Sorghum (cwt.)	3.89	3.84	1.3	3.38	15.1	3.29
Hay (ton)	48.00	47.00	2.1	48.00	0.0	40.88
Soybeans (bu.)	5.86	5.97	– 1.8	6.32	– 7.3	6.17
Livestock & Products						
Beef Cattle (cwt.)	66.00	65.60	0.6	57.10	15.6	50.72
Calves (cwt.)	87.00	83.60	4.1	68.50	27.0	58.78
Hogs (cwt.)	34.40	34.40	0.0	47.00	– 26.8	47.66
Lambs (cwt.)	61.10	64.60	– 5.4	59.60	2.5	59.47
Sheep (cwt.)	20.30	21.30	– 4.7	19.00	6.8	13.33
Milk (cwt.)	13.00	12.80	1.6	11.80	10.2	10.73
Prices Paid by Farmers						
Soybean Meal (cwt.)	12.00	12.50	– 4.0	11.50	4.3	10.92
Bran (cwt.)	8.10	7.70	5.2	6.70	20.9	6.27
Beef Conc. (cwt.)	10.00	9.90	1.0	9.10	9.9	8.58
16% Dairy Feed (ton)	160.00	162.00	– 1.2	144.00	11.1	138.17
Hog Conc. (cwt.)	14.00	14.00	0.0	13.00	7.7	12.31
Laying Feed (ton)	183.00	187.00	– 2.1	172.00	6.4	160.08

Source: Kansas Crop and Livestock Reporting Service
Kansas State Board of Agriculture
U.S. Department of Agriculture

TABLE VII
COMMERCIAL BANKING ACTIVITY

(millions of dollars)

	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change
Kansas—Statewide					
Loans	7,611	7,517	1.3	7,268	4.7
Demand Deposits	4,011	4,018	– 0.2	3,789	5.9
Time & Saving Deposits	8,293	8,192	1.2	7,326	13.2
Loan-to-Deposit Ratio	61.9%	61.6%		65.4%	
Kansas City (Wyandotte)					
Loans	514	513	0.2	533	– 3.6
Demand Deposits	246	244	0.8	262	– 6.1
Time & Saving Deposits	597	566	5.5	571	4.6
Loan-to-Deposit Ratio	61.0%	63.3%		64.0%	
Topeka (Shawnee)					
Loans	493	486	1.4	459	7.4
Demand Deposits	294	294	0.0	271	8.5
Time & Saving Deposits	564	574	– 1.7	506	11.5
Loan-to-Deposit Ratio	57.5%	56.0%		59.1%	
Wichita (Sedgwick)					
Loans	1,200	1,184	1.4	1,164	3.1
Demand Deposits	783	794	– 1.4	688	13.8
Time & Saving Deposits	1,094	1,079	1.4	968	13.0
Loan-to-Deposit Ratio	63.9%	63.2%		70.3%	

Source: Research Department
Federal Reserve Bank of Kansas City
Institute for Economic and Business Research

TABLE VIII
SAVINGS AND LOAN ACTIVITY

(thousands of dollars)

	Nov. 1979	Oct. 1979	% change	Nov. 1978	% change
Net New Savings	9,611	24,254	– 60.4	18,345	– 47.6
Mortgage Loans Made	78,130	106,075	– 26.3	121,665	– 35.8

Source: Federal Home Loan Bank of Topeka

Business Highlights from Across the State

Atchison

In December, the city of Atchison received a federal grant of $882,000 to purchase 32 acres for an industrial park south of town. The Atchison County Coop and Atchison Underground Facilities will locate there and, between them, will employ an additional 98 workers. The city also has an option to purchase 96 acres of land west of town for creation of another industrial park. In response to these new industrial capabilities, American Energy Systems of New Jersey has expressed interest in locating a gasohol producing plant in Atchison.

Elkhart

The Cornerstone Development Organization of the Elkhart Chamber of Commerce at Elkhart, Kansas announced a $90,000 expansion at Southwest Machines, Inc. Keith Sullivan, the owner, has recently installed a Hitachi Seiki 3NE-300 Fanuc CNC Turning Center which is presently programmed to produce packing rings for the front landing gear of Cessna airplanes. This machine is one of a kind in the entire southwest Kansas area.

Emporia

The pet food division of Safeway Foods, Inc. has begun construction of a new plant located in the newly developed Wilson-Davis industrial park. The plant will begin operations in May of this year and will employ 35 people. The plant will cover 43,000 square feet and distribute the Safeway brand dog food to chain stores throughout the nation. City officials report that the company's decision to locate in Emporia was founded on, in great part, the park's easy access to major highways and railways and by the availability of grain in the area. Fifty million pounds of food will be produced annually at the plant.

Great Bend

The Great Bend Chamber of Commerce reports that the City's Convention and Visitors Bureau enjoyed a successful first year of operation. In 1979, Great Bend hosted 70 meetings, conferences, conventions, seminars, and tournaments with 11,389 participants totalling 22,674 delegate days.

Lawrence

On December 12, 1979, the Business Education Services Committee of the Lawrence Chamber of Commerce and the KU Institute for Economic and Business Research cosponsored the 1980 Lawrence Economic Outlook Conference. The conference featured remarks by University of Kansas Chancellor Archie Dykes and keynote addresses by Carl Nordstrom, Executive Vice President of the Kansas Association for Commerce and Industry, and Dr. Darwin W. Daicoff, Director of the Institute for Economic and Business Research. Both keynote speakers predicted a prosperous future for Lawrence and for the State of Kansas. Mr. Nordstrom identified the labor shortage in Kansas as being one of the central concerns that the State must confront in the decade ahead but noted that, given the variety of economic ills that beset the nation at large, Kansas is fortunate to have this kind of "problem" while being relatively immune to the others by virtue of the State's strong economic base. Dr. Daicoff stressed the importance of a growing University of Kansas to a strong Lawrence economy and remarked that, whereas other universities are now experiencing, or will soon experience, declining enrollments and public support, KU continues to expand in population, reputation, and productivity.

Leavenworth

This winter, Zephyr Products opened a new plant in Leavenworth. The company produces custom metal fabricators and employs 35 persons. Zephyr Products relocated from Kansas City and now occupies a facility covering 32,000 square feet.

Topeka

Plans to establish a privately financed company to aggressively sell Kansas manufactured goods throughout the world were announced recently by Larry D. Montgomery, Topeka. Montgomery, former director of international development for the Kansas Department of Economic Development, said his Kansas International Trade Consortium will eventually represent some 200 Kansas firms through regional and country offices in key locations around the globe.

Montgomery presented his idea to the Kansas Association of Commerce and Industry (KACI) Board of Directors early in December. The Board agreed to KACI's becoming the consortium's founding sponsor. The consortium will be directed toward three categories of Kansas producers: those who are already involved in worldwide exporting, those who export but are not involved on a worldwide scale, and those who are intrigued by the possibility and potential of worldwide markets.

The University of Kansas
Kansas Business Review **(USPS 395-310)**

February 1980 Vol. 3 No. 6

Published ten months a year (September-June) by the Institute for Economic and Business Research, The University of Kansas, Lawrence, Kansas 66045. Second-Class postage paid at Lawrence, Kansas 66045.

CONGRESSIONAL INFO SERVICES/S
7101 WISCONSIN AVE.
WASHINGTON, DC 20014